

VILLAGE OF BARODA

FINANCIAL REPORT

March 31, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF BARODA	County BERRIEN
Fiscal Year End MARCH 31, 2008	Opinion Date MAY 2, 2008	Date Audit Report Submitted to State June 4, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C.		Telephone Number 269-983-0534	
Street Address 830 PLEASANT ST, PO BOX 44		City ST. JOSEPH	State MI
		Zip 49085	
Authorizing CPA Signature <i>Robert L. Gerbel CPA</i>		Printed Name ROBERT L. GERBEL	License Number 3953

VILLAGE OF BARODA
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2008

CONTENTS

Page

MANAGEMENT'S DISCUSSION AND ANALYSIS..... I-X

INDEPENDENT AUDITOR'S REPORT 1

BASIC FINANCIAL STATEMENTS:

Statement of Net Assets..... 2

Statement of Activities 3

Governmental Funds - Balance Sheet 4

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets 5

Governmental Funds - Statement of Revenues, Expenditures, and
Changes in Fund Balances 6

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities 7

Proprietary Funds - Statement of Net Assets..... 8

Proprietary Funds - Statement of Revenues, Expenses, and
Changes in Net Assets 9

Proprietary Funds - Statement of Cash Flows 10-11

Notes to Financial Statements 12-22

REQUIRED SUPPLEMENTARY INFORMATION

General Fund - Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual 23

Major Street Fund - Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual 24-25

CONTENTS - Continued

REQUIRED SUPPLEMENTARY INFORMATION - Continued

Local Street Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	26-27
--------------------------------------------------------------------------------------------------------------------	-------

SUPPLEMENTARY INFORMATION

General Fund:

Statement of Revenues, Compared to Budget	28
Statement of Expenditures, Compared to Budget.....	29-32

**Village of Baroda
Berrien County, Michigan
Management's Discussion and Analysis
Fiscal Year 2007 – 2008**

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

Government Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and Statement of Activities are designed to be corporate-like in that all the government and business-type activities are consolidated into columns, which add to a total for the Primary Government. These statements should help the reader to answer the questions: Is the Village, as a whole, better off or worse off as a result of this year's activities? The year's revenues and expenses are recognized regardless of when cash is received or paid?

The Statement of Net Assets focus is designed to be similar to the bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources, (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Village's assets and liabilities, with the difference between the two reported at "net assets." Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. However, in order to assess the overall health of the Village, non-financial factors such as the Village's property tax base and condition of its infrastructure (water lines, sewer lines and lift stations) may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental and business-type activities) that are supported by the Village's property taxes, state revenue sharing, water and sewer user fees, and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and provides information showing how the Village's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Baroda that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Village include the water and sewer funds.

Both statements report two activities:

1. Governmental Activities – Most of the Village's basic services (police, park, government operations) are reported under this category. Taxes and intergovernmental revenue generally fund these services. The Village's governmental activities include legislative, general government, public safety, public works, community and economic development, and recreation and culture.
2. Business-type Activities – The Village charges fees to customers for water and sewer usages to cover all or most of the cost of services provided. The Village operates two business-type activities that reflect private sector type operations: Water and Sewer operating.

Fund Financial Statements

Traditional users of the governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Village's most significant funds (Major Funds), not the Village as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to maintain control over resources that have been segregated for a specific activity or objective. The Village of Baroda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

State Law requires certain funds be maintained. The Village Council establishes other funds to control and manage money for particular purposes. The Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith.

All of the funds of the Village of Baroda can be divided into two categories: governmental and proprietary funds. Government Funds include the General Fund, and special revenue funds. The Proprietary Funds include the Water and Sewer Operating Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

The Village of Baroda maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general operating fund, and two special revenue funds - Major Street and Local Street, which are considered major funds.

Proprietary Funds

The Village of Baroda maintains one type of proprietary fund – Enterprise Fund. Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water Operating and Sewer Operating Funds. The Village has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Operating and Sewer Operating funds and are considered major funds of the Village.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded its liabilities at the end of the fiscal year by \$2,318,890. However, a portion of the Village's net assets (76%) represents its investment in capital assets (e.g. land, buildings, equipment, water and sewer systems). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Current Assets	\$128,964	\$88,698	\$536,896	\$631,467	\$665,860	\$720,165
Non-current Assets	<u>\$845,598</u>	<u>\$881,300</u>	<u>\$925,090</u>	<u>\$950,869</u>	<u>\$1,770,688</u>	<u>\$1,832,169</u>
Total Assets	<u>\$974,562</u>	<u>\$969,998</u>	<u>\$1,461,986</u>	<u>\$1,582,336</u>	<u>\$2,436,548</u>	<u>\$2,552,334</u>
Long-Term Debt Outstanding	-	-	\$110,000	\$285,000	\$110,000	\$285,000
Other Liabilities	<u>\$2,298</u>	<u>\$1,554</u>	<u>\$5,360</u>	<u>\$4,976</u>	<u>\$7,658</u>	<u>\$6,380</u>
Total Liabilities	<u>\$2,298</u>	<u>\$1,554</u>	<u>\$115,360</u>	<u>\$289,976</u>	<u>\$117,658</u>	<u>\$291,530</u>
<i>Net Assets:</i>						
Invested in Capital Assets, Net Of Related Debt	\$845,598	\$881,300	\$815,090	\$665,869	\$1,660,688	\$1,547,169
Restricted	-	-	\$19,275	\$19,065	\$19,275	\$19,065
Unrestricted	<u>\$126,666</u>	<u>\$87,144</u>	<u>\$512,261</u>	<u>\$607,426</u>	<u>\$638,927</u>	<u>\$694,570</u>
Total Net Assets	<u>\$972,264</u>	<u>\$968,444</u>	<u>\$1,346,626</u>	<u>\$1,292,360</u>	<u>\$2,318,890</u>	<u>\$2,260,804</u>

Statement of Activities

	Governmental Activities		Business- Type Activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
<i>Program Revenues</i>						
Charges for Services	\$67,367	\$55,381	226,573	\$219,595	\$293,940	\$274,976
Operating Grants & Contributions	\$63,855	\$59,392	-	-	\$63,855	\$59,392
Capital Grants & Contributions	\$460	\$393,332	-	-	\$460	\$393,332
<i>General Revenues</i>						
Property Taxes	\$137,599	\$114,538	\$39,134	\$65,850	\$176,733	\$180,388
State-Shared Revenues	\$80,430	\$81,009	-	-	\$80,430	\$81,009
Investment Earnings	\$5,400	\$8,238	\$28,827	\$27,545	\$34,227	\$35,783
Other Revenue	<u>\$2,393</u>	<u>\$2,068</u>	<u>-\$5,602</u>	-	<u>-\$3,209</u>	<u>\$2,068</u>
Total Revenues	<u>\$357,504</u>	<u>\$713,958</u>	<u>\$288,932</u>	<u>\$312,990</u>	<u>\$646,436</u>	<u>\$1,026,948</u>
<i>Program Expenses</i>						
General						
Government	\$129,016	\$125,613	-	-	\$129,016	\$125,613
Public Safety	\$17,655	\$13,832	-	-	\$17,655	\$13,832
Public Works	\$165,266	\$146,853	-	-	\$165,266	\$146,853
Community & Economic Development	\$8,460	\$7,252	-	-	\$8,460	\$7,252
Recreation & Culture	\$33,287	\$15,147	-	-	\$33,287	\$15,147
Interest on Long-Term Debt	-	-	-	-	-	-
Water & Sewer	-	-	<u>\$234,666</u>	<u>\$243,765</u>	<u>\$234,666</u>	<u>\$243,765</u>
Total Expenses	<u>\$353,684</u>	<u>\$308,697</u>	<u>\$234,666</u>	<u>\$243,765</u>	<u>\$588,350</u>	<u>\$552,462</u>
Change in Net Assets	<u>\$3,820</u>	<u>\$405,261</u>	<u>\$54,266</u>	<u>\$69,225</u>	<u>\$58,086</u>	<u>\$474,486</u>

Governmental Activities Net Assets increased \$3,820. Highlights are listed below:

- Experienced an increase of \$23,061 in Tax Revenues.
- Experienced a decrease in State Revenue Sharing of \$579.
- Experienced a decrease in investment earnings of \$2,838 due to lower interest rates.
- Experienced a revenue increase of \$5,700 for the sale of assets.
- Experienced an increase of \$4,463 in Operating Grants and Contributions.
- Did not receive any major Capital Grants and Contributions this fiscal year.
- Experienced a \$3,403 increase in General Government Expenditures.
- Experienced a \$3,823 increase in Public Safety Expenditures.
- Experienced an \$18,413 increase in Public Works Expenditures.

Business-Type Activities Net Assets increased by \$54,266. Highlights are listed below:

- Water Metered Sales increased by \$5,173 over last year.
- Experienced an increase in Water Purchased Expenditure of \$8,779 over last year.
- Experienced an \$11,643 decrease in overall Water Fund Expenses.
- Sewer Metered Sales increased by \$3,043 over last year.
- Experienced a \$4,538 increase in overall Sewer Fund Expenses.
- Total Net Assets at the fiscal year end is \$1,346,626.

Enterprise Fund Operations

The Village's business-type activities consist of the Water and Sewer Funds. We provide water to 99% of the Village and to some of the surrounding Township homes. We purchase our water from the Lake Charter Township Water Department. Sewer service is provided to 98% of the Village and no sewer service is provided to the Township residents.

Two additional new homes have been completed in the Lakeshore Vineyards sub-division. Eagle Crest sub-division has begun two homes and proposes to add an additional 10 houses to the water and sewer systems.

Overall, we saw a decrease of \$11,643 in Water Fund Operating Expenses and an increase of \$7,069 in Operating Revenue. The Sewer Fund Operating Expenses experienced an increase of \$4,538 and a slight increase of \$617 in Sewer Operating Revenue. However, the Sewer Bonds were paid off this fiscal year.

As we look at the business-type activities separately from the governmental activities, we see that the business-type activities has \$374,362 more in net assets than the governmental activities even though the business-type activities has a much larger amount of liabilities. The business-type activities have water bonds that need to be paid off. We believe with the proposed housing developments being looked at, that we will see quite an increase in revenue in our business-type activities.

Financial Analysis of Governmental Funds

General Fund Highlights

The General Fund Revenue was up by \$34,466 from the 2006-07 fiscal year. This was due to an increase in Property Taxes and Other Revenue. We did not receive a Contribution from our Component Unit this year.

Most of the Village's expenses are paid out of the General Fund. Our Total Expenditures for the year were up by \$12,171 from the 2006-2007 year. However, we did experience a decrease in expenses in the area of Community and Economic Development. We did experience a large increase in Recreation and Cultural Expenditures due to the amount of work done at the Village Park.

Employee Benefits - The Village continues to contribute 6% of the employees' wages to the Pension Plan. Health insurance benefits are paid for the three full-time employees. The Health Plan is now a Health Savings Account.

Major Street Highlights

The Major Street Fund Revenue for 2007-2008 was \$49,312. We did not receive any State Grant Monies or a contribution from the Component Unit. We experienced an increase of \$2,557 Act 51 monies received from the State. Winter Maintenance Expenses increased due to snowy weather over the previous winter.

The Major Street Fund Balance at the end of the year was \$6,426, which was an increase of \$3,869 over last year's Fund Balance.

General Fund Budgetary Highlights

Actual expenses for the year came in at \$59,099 less the budgeted amount and total revenues came in at \$40,426 more than budgeted and can be briefly summarized as follows:

- Total Administrative and Office Expenses came in at \$17,037 less than budgeted.
- Total Buildings and Grounds Expenses came in at \$5,396 less than budgeted.
- Total Public Safety Expenses came in at \$9,584 less than budgeted.
- Total Public Works Expenses came in at \$21,216 less than budgeted.
- Total Community and Economic Development Expenses came in at \$2,570 less than budgeted.
- Total Recreation and Cultural Expenses came in at \$2,669 less than budgeted.

Capital Asset and Debt Administration

Capital Assets

The Governmental Activities Total Nondepreciable Assets at the Fiscal Year End 2007-2008 was \$116,270.

The Total Capital Assets Other Than Nondepreciable at the Fiscal Year End 2007-2008 was \$729,328. This includes current year deletion of office equipment in the amount of \$985 and the addition of Accumulated Depreciation in the amount of \$30,717.

Statement of Capital Assets (net of depreciation)

	Governmental Activities		Business- Type Activities		Total	
	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007
Land	\$116,270	\$120,270	\$81,110	\$81,110	\$197,380	\$201,380
Construction in Progress	-	-	-	-	-	-
Buildings	\$25,808	\$26,896	-	-	\$25,808	\$26,896
Land Improvements	\$98,700	\$103,536	-	-	\$98,700	\$103,536
Machinery & Equipment	\$62,414	\$73,471	\$6,078	\$10,272	\$68,492	\$83,743
Vehicles	-	-	-	-	-	-
Infrastructure	\$538,923	\$552,771	-	-	\$538,923	\$552,771
Office Equipment	\$3,483	\$4,356	-	-	\$3,483	\$4,356
Utility System	-	-	<u>\$837,902</u>	<u>\$859,487</u>	<u>\$837,902</u>	<u>\$859,487</u>
Total	<u>\$845,598</u>	<u>\$881,300</u>	<u>\$925,090</u>	<u>\$950,869</u>	<u>\$1,770,688</u>	<u>\$1,832,169</u>

Additional information on capital assets can be found in note 3 of the Financial Statements.

Long Term Debt

The Sewer Fund bonds had a beginning balance of \$165,000, which was paid off in March 2008 leaving a \$.00 balance.

The Water Fund has a balance of \$110,000 in bonds and \$33,000 in Interest to be paid to Berrien County. These bonds should be paid off by 2019.

Investments

The Treasurer has invested \$230,280 (not including DDA) in Certificate of Deposits to help grow our funds. Funds with CD's are: Centennial, Sewer O & M, and Water O & M.

The DDA has \$115,928 invested in Certificate of Deposits.

Economic Factors and Next Year's Budgets and Rates

The Village had an Economic Enhancement Study done by Charles Eckenstahler of Public Consulting Team and Wightman & Associates, Inc. in 2005. To summarize the report, the Village is really early in the growth cycle. Mr. Eckenstahler stated that he believes that everything that is happening with the current economics in the Twin Cities area and in Berrien County, that Baroda is in the position for growth and development in about five years. In the short-term he doesn't anticipate a lot of housing development in Baroda, however two subdivisions are being developed since the report was written. The Village Council and DDA are working together to create desirable conditions for economic growth in the Village. They began on several projects this year, but the entire plan will take approximately 10 years to complete.

We expect an increase to our revenue as we develop and sell parcels in the Industrial Park. Tax revenues should increase as the proposed housing developments within the village are built.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 2, 2008

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Baroda, as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through X and 23 through 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Baroda's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

VILLAGE OF BARODA
Statement of Net Assets
March 31, 2008

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
Assets				
Cash	\$ 111,163	\$ 515,470	\$ 626,633	\$ 242,070
Receivables	10,444	21,426	31,870	-
Due from other governments	-	-	-	64,893
Prepaid expenses	7,357	-	7,357	-
Nondepreciable assets:				
Land	116,270	81,110	197,380	13,620
Capital assets (net of related depreciation):				
Buildings	25,808	-	25,808	-
Land improvements	98,700	-	98,700	-
Machinery and equipment	62,414	6,078	68,492	11,400
Infrastructure	538,923	-	538,923	-
Office equipment	3,483	-	3,483	-
Utility systems	-	837,902	837,902	37,993
Total Assets	\$ 974,562	\$ 1,461,986	\$ 2,436,548	\$ 369,976
Liabilities				
Accounts payable	\$ 2,282	\$ -	\$ 2,282	\$ -
Escrow	16	-	16	-
Accrued interest	-	2,500	2,500	-
Customer deposits	-	2,860	2,860	-
Noncurrent liabilities:				
Due within one year	-	10,000	10,000	-
Due in more than one year	-	100,000	100,000	-
Total Liabilities	\$ 2,298	\$ 115,360	\$ 117,658	\$ -
Nets Assets				
Invested in capital assets, net of related debt	\$ 845,598	\$ 815,090	\$ 1,660,688	\$ 63,013
Restricted	-	19,275	19,275	-
Unrestricted	126,666	512,261	638,927	306,963
TOTAL NET ASSETS	\$ 972,264	\$ 1,346,626	\$ 2,318,890	\$ 369,976

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Statement of Activities
For the Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 129,016	\$ 13,405	\$ -	\$ -
Public safety	17,655	8,839	-	-
Public works	165,266	45,123	63,855	-
Community and economic development	8,460	-	-	-
Recreation and cultural	33,287	-	-	460
Total Governmental Activities	<u>\$ 353,684</u>	<u>\$ 67,367</u>	<u>\$ 63,855</u>	<u>\$ 460</u>
Business-type Activities:				
Sewer fund	\$ 109,088	\$ 107,934	\$ -	\$ -
Water fund	125,578	118,639	-	-
Total Business-type Activities	<u>\$ 234,666</u>	<u>\$ 226,573</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 588,350</u>	<u>\$ 293,940</u>	<u>\$ 63,855</u>	<u>\$ 460</u>
Component Unit:				
Downtown Development Authority	<u>\$ 12,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes
State revenue sharing
Interest
Gain on sale of asset
Other revenue
Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
\$ (115,611)	\$ -	\$ (115,611)	\$ -
(8,816)	-	(8,816)	-
(56,288)	-	(56,288)	-
(8,460)	-	(8,460)	-
<u>(32,827)</u>	<u>-</u>	<u>(32,827)</u>	<u>-</u>
<u>\$ (222,002)</u>	<u>\$ -</u>	<u>\$ (222,002)</u>	<u>\$ -</u>
 \$ -	 \$ (1,154)	 \$ (1,154)	 \$ -
<u>-</u>	<u>(6,939)</u>	<u>(6,939)</u>	<u>-</u>
 \$ -	 \$ (8,093)	 \$ (8,093)	 \$ -
<u>\$ (222,002)</u>	<u>\$ (8,093)</u>	<u>\$ (230,095)</u>	<u>\$ -</u>
 \$ -	 \$ -	 \$ -	 \$ (12,528)
 \$ 137,599	 \$ 39,134	 \$ 176,733	 \$ 109,151
80,430	-	80,430	-
5,400	28,827	34,227	9,193
1,700	(6,310)	(4,610)	-
693	708	1,401	9,231
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 225,822</u>	<u>\$ 62,359</u>	<u>\$ 288,181</u>	<u>\$ 127,575</u>
 \$ 3,820	 \$ 54,266	 \$ 58,086	 \$ 115,047
<u>968,444</u>	<u>1,292,360</u>	<u>2,260,804</u>	<u>254,929</u>
<u>\$ 972,264</u>	<u>\$ 1,346,626</u>	<u>\$ 2,318,890</u>	<u>\$ 369,976</u>

**VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2008**

	<u>General Fund</u>	<u>Major Street Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 98,895	\$ 6,426	\$ 5,842	\$ 111,163
Taxes receivable	10,444	-	-	10,444
Prepaid expenses	7,357	-	-	7,357
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 116,696	\$ 6,426	\$ 5,842	\$ 128,964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 116,696	\$ 6,426	\$ 5,842	\$ 128,964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 2,282	\$ -	\$ -	\$ 2,282
Escrow	16	-	-	16
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	\$ 2,298	\$ -	\$ -	\$ 2,298
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ 2,298	\$ -	\$ -	\$ 2,298
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Unreserved				
Undesignated, reported in				
General Fund	\$ 114,398	\$ -	\$ -	\$ 114,398
Special Revenue	-	6,426	5,842	12,268
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	\$ 114,398	\$ 6,426	\$ 5,842	\$ 126,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 116,696	\$ 6,426	\$ 5,842	\$ 128,964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

VILLAGE OF BARODA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
March 31, 2008

Fund balances of governmental funds	\$ 126,666
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	<u>845,598</u>
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Net assets of governmental activities	<u>\$ 972,264</u>
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VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2008

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 137,599	\$ -	\$ -	\$ 137,599
State shared revenue	80,430	48,890	14,965	144,285
Interest and rents	50,751	422	51	51,224
Licenses and permits	14,362	-	-	14,362
Charges for services	7,181	-	-	7,181
Contributions and grants	460	-	-	460
Sale of assets	5,700	-	-	5,700
Other revenue	693	-	-	693
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 297,176	\$ 49,312	\$ 15,016	\$ 361,504
Expenditures:				
General government	\$ 118,286	\$ 4,505	\$ 4,154	\$ 126,945
Public safety	17,655	-	-	17,655
Public works	54,514	45,938	40,139	140,591
Community and economic development	8,460	-	-	8,460
Recreation and cultural	28,331	-	-	28,331
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 227,246	\$ 50,443	\$ 44,293	\$ 321,982
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 69,930	\$ (1,131)	\$ (29,277)	\$ 39,522
Other Financing Sources (Uses):				
Operating transfer in	\$ -	\$ 5,000	\$ 34,100	\$ 39,100
Operating transfer out	(39,100)	-	-	(39,100)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	\$ (39,100)	\$ 5,000	\$ 34,100	\$ -
Net Change in Fund Balances	\$ 30,830	\$ 3,869	\$ 4,823	\$ 39,522
Fund Balances, Beginning of Year	83,568	2,557	1,019	87,144
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES, END OF YEAR	\$ 114,398	\$ 6,426	\$ 5,842	\$ 126,666

VILLAGE OF BARODA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2008

Net change in fund balances - total governmental funds	\$ 39,522
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.

<u>(35,702)</u>

Change in net assets of governmental activities	<u>\$ 3,820</u>
-------------------------------------------------	-----------------

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Net Assets
March 31, 2008**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 362,330	\$ 129,631	\$ 491,961
Billings receivable	5,745	5,794	11,539
Assessments	<u>9,887</u>	<u>-</u>	<u>9,887</u>
Total Current Assets	<u>\$ 377,962</u>	<u>\$ 135,425</u>	<u>\$ 513,387</u>
Noncurrent Assets:			
Restricted Cash:			
Revenue bond interest	\$ -	\$ 19,275	\$ 19,275
System improvements	1,374	-	1,374
Meter deposits	<u>-</u>	<u>2,860</u>	<u>2,860</u>
Total Restricted Cash	<u>\$ 1,374</u>	<u>\$ 22,135</u>	<u>\$ 23,509</u>
Capital Assets:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Vehicles	-	-	-
Water supply system	-	718,857	718,857
Sanitary sewer system	1,201,916	-	1,201,916
Plant additions	1,105	-	1,105
Accumulated depreciation	<u>(717,436)</u>	<u>(416,510)</u>	<u>(1,133,946)</u>
Total Capital Assets	<u>\$ 622,743</u>	<u>\$ 302,347</u>	<u>\$ 925,090</u>
Total Noncurrent Assets	<u>\$ 624,117</u>	<u>\$ 324,482</u>	<u>\$ 948,599</u>
TOTAL ASSETS	<u>\$ 1,002,079</u>	<u>\$ 459,907</u>	<u>\$ 1,461,986</u>

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities
Enterprise Funds**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities and Net Assets			
Current Liabilities:			
Accrued interest	\$ -	\$ 2,500	\$ 2,500
Current portion of debt	-	10,000	10,000
Customer meter deposits	-	2,860	2,860
Total Current Liabilities	\$ -	\$ 15,360	\$ 15,360
Noncurrent Liabilities:			
Bonds payable, net of current portion	-	100,000	100,000
Total Liabilities	\$ -	\$ 115,360	\$ 115,360
Nets Assets:			
Invested in capital assets, net of related debt	\$ 622,743	\$ 192,347	\$ 815,090
Restricted for debt service	-	19,275	19,275
Unrestricted:			
Designated for improvements	1,374	-	1,374
Undesignated	377,962	132,925	510,887
Total Net Assets	\$ 1,002,079	\$ 344,547	\$ 1,346,626
TOTAL LIABILITIES AND NET ASSETS	\$ 1,002,079	\$ 459,907	\$ 1,461,986

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended March 31, 2008**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$ 76,290	\$ 101,681	\$ 177,971
Tap installation fees	9,245	1,608	10,853
Hydrant rentals	22,399	15,000	37,399
Turn on/off fees	-	350	350
Other	708	-	708
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	\$ 108,642	\$ 118,639	\$ 227,281
Operating Expenses:			
Water purchased	\$ -	\$ 64,956	\$ 64,956
Salaries and wages	28,008	10,681	38,689
Payroll taxes	2,143	817	2,960
Retirement	1,149	336	1,485
Supplies	713	1,246	1,959
Professional services	2,019	2,019	4,038
Insurance	8,500	2,893	11,393
Utilities	1,629	288	1,917
Contractual services	2,394	8,535	10,929
Depreciation	34,020	16,985	51,005
Repairs and maintenance	6,218	5,067	11,285
Equipment rental	6,191	2,707	8,898
Sampling	1,785	552	2,337
Miscellaneous	4,254	1,540	5,794
Permits and fees	-	956	956
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	\$ 99,023	\$ 119,578	\$ 218,601
Operating Income	\$ 9,619	\$ (939)	\$ 8,680
Nonoperating Revenue (Expense):			
Interest income	\$ 22,287	\$ 6,540	\$ 28,827
Property taxes	39,134	-	39,134
Gain/loss on sale of assets	(6,310)		(6,310)
Interest expense	(10,065)	(6,000)	(16,065)
	<u> </u>	<u> </u>	<u> </u>
Total Nonoperating Expenses	\$ 45,046	\$ 540	\$ 45,586
Change in Net Assets	\$ 54,665	\$ (399)	\$ 54,266
Total Net Assets, Beginning of Year	947,414	344,946	1,292,360
TOTAL NET ASSETS, END OF YEAR	\$ 1,002,079	\$ 344,547	\$ 1,346,626

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2008**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 87,890	\$ 104,024	\$ 191,914
Cash receipts from interfund services provided	22,399	15,000	37,399
Payments to employees	(28,008)	(10,681)	(38,689)
Payments of benefits on behalf of employees	(11,792)	(4,046)	(15,838)
Payments for interfund services used	(6,191)	(2,707)	(8,898)
Payments to suppliers	<u>(19,012)</u>	<u>(85,159)</u>	<u>(104,171)</u>
Net cash provided (used) by operating activities	<u>\$ 45,286</u>	<u>\$ 16,431</u>	<u>\$ 61,717</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from debt related tax levy	\$ 39,134	\$ -	\$ 39,134
Interest received on special assessments	1,053	-	1,053
Capital outlay	(24,147)	(7,389)	(31,536)
Payment of debt principal	(165,000)	(10,000)	(175,000)
Payment of debt related interest	<u>(10,065)</u>	<u>(6,000)</u>	<u>(16,065)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (159,025)</u>	<u>\$ (23,389)</u>	<u>\$ (182,414)</u>
Cash Flows From Investing Activities:			
Interest income	<u>\$ 21,234</u>	<u>\$ 6,540</u>	<u>\$ 27,774</u>
Net cash provided (used) by investing activities	<u>\$ 21,234</u>	<u>\$ 6,540</u>	<u>\$ 27,774</u>
Net increase (decrease) in cash and cash equivalents	\$ (92,505)	\$ (418)	\$ (92,923)
Cash Balance, Beginning of Year	<u>456,209</u>	<u>152,184</u>	<u>608,393</u>
CASH BALANCE, END OF YEAR	<u>\$ 363,704</u>	<u>\$ 151,766</u>	<u>\$ 515,470</u>

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2008**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 9,619	\$ (939)	\$ 8,681
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 34,020	\$ 16,985	\$ 51,004
(Increase) decrease in:			
Assessments	1,647	-	1,647
Increase (decrease) in:			
Customer meter deposits	-	385	385
Total adjustments	\$ 35,667	\$ 17,370	\$ 53,036
Net cash provided (used) by operating activities	\$ 45,286	\$ 16,431	\$ 61,717

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Village of Baroda, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

Village of Baroda Downtown Development Authority. The members of the governing board of the Downtown Development Authority are appointed by the Village of Baroda. The Authority's operational budget, including its tax levy, is subject to the approval or modification by the Village Board. Also, surplus funds existing at termination of the Authority rest with the Village.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Baroda reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the upkeep and maintenance of major streets within the Village.

The **Local Street Fund** is used to account for the upkeep and maintenance of local streets within the Village.

Village of Baroda reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Village's share of the Lake Charter Township's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the operation of the sanitary collections system serving the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Village of Baroda as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	7-10 years
Utility Systems	10-40 years
Land Improvements	15-20 years
Infrastructure	20-30 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 14 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 10.0183 mills for general operations and 2.2000 mills for sewer debt retirement in 2007. Taxable value of real and personal property for the 2007 tax levy was \$16,733,249 at the full millage rate and \$2,110,297 of I.F.T. property taxed at fifty percent of the millage rate.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Restricted Cash

Certain resources in the Village's enterprise funds have been set aside for specific future expenditures and repayments, including monies held for meter deposits, amounts to be used for improvements and amounts to be used for interest expense on bonds payable.

J. Cash and Cash Equivalents

The Village considers all highly liquid investments (including restricted assets) with a maturity of one year or less when purchased to be defined as cash equivalents.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

L. Restricted and Designated Net Assets

The Village's water and sewer enterprise funds have restricted net assets to account for the cash restricted for bond debt interest. The designated unrestricted net assets are intended for improvements to the water and sewer systems.

NOTE 2 - CASH AND CASH INVESTMENTS

Cash and Short-term Investments - The Village is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Village is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Village is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Village's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Village's deposits are in accordance with statutory authority at March 31, 2008.

Long-term Investments - The Village's policy does not address investments other than short-term highly liquid assets.

Interest Rate Risk - It is the objective of the Village to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Village is not exposed to interest rate risk.

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 2 - CASH AND CASH INVESTMENTS - Continued

Custodial Credit Risk - The Village is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Village will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of March 31, 2008, the Village's funds were deposited in three institutions meeting the above requirements. As of March 31, 2008, \$449,124 of the government's bank balance of \$749,124 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized \$ 449,124

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2008 were as follows:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2008</u>
Governmental Activities				
Nondepreciable assets:				
Land	\$ 120,270	\$ -	\$ (4,000)	\$ 116,270
Total Nondepreciable Assets	<u>\$ 120,270</u>	<u>\$ -</u>	<u>\$ (4,000)</u>	<u>\$ 116,270</u>
Buildings	\$ 58,390	\$ -	\$ -	\$ 58,390
Land improvements	123,891	-	-	123,891
Machinery and equipment	197,339	-	-	197,339
Infrastructure	553,925	-	-	553,925
Vehicles	24,872	-	-	24,872
Office equipment	<u>11,849</u>	<u>-</u>	<u>(985)</u>	<u>10,864</u>
Subtotal	\$ 970,266	\$ -	\$ (985)	\$ 969,281
Less: Accumulated Depreciation	<u>(209,236)</u>	<u>(30,717)</u>	<u>-</u>	<u>(239,953)</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 761,030</u>	<u>\$ (30,717)</u>	<u>\$ (985)</u>	<u>\$ 729,328</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 3 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2008</u>
Business Activities				
Nondepreciable assets:				
Land	\$ 81,110	\$ -	\$ -	\$ 81,110
Total Nondepreciable Assets	\$ 81,110	\$ -	\$ -	\$ 81,110
Machinery and equipment	\$ 60,548	\$ -	\$ (4,500)	\$ 56,048
Utility systems	1,910,886	31,536	(20,544)	1,921,878
Subtotal	\$ 1,971,434	\$ 31,536	\$ (25,044)	\$ 1,977,926
Less: Accumulated Depreciation	(1,101,675)	(51,005)	18,734	(1,133,946)
Total Capital Assets Other Than Nondepreciable	\$ 869,759	\$ (19,469)	\$ (6,310)	\$ 843,980
Component Unit				
Nondepreciable assets:				
Land	\$ 13,620	\$ -	\$ -	\$ 13,620
Total Nondepreciable Assets	\$ 13,620	\$ -	\$ -	\$ 13,620
Equipment	\$ 1,133	\$ 12,140	\$ -	\$ 13,273
Utility systems	-	38,884	-	38,884
Less: Accumulated depreciation	(170)	(2,594)	-	(2,764)
Total Capital Assets Other Than Nondepreciable	\$ 963	\$ 48,430	\$ -	\$ 49,393

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 3 - CAPITAL ASSETS - Continued

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:

General government	\$ 2,071
Public works	24,675
Recreation and cultural	<u>4,956</u>
Total	<u>\$ 31,702</u>

Business-type functions:

Water	\$ 34,019
Sewer	<u>16,985</u>
Total	<u>\$ 51,004</u>

Component Unit:

Public works	\$ 891
Recreation and cultural	<u>1,703</u>
Total	<u>\$ 2,594</u>

NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2008:

	Bonds Payable
As of April 1, 2007	\$ 285,000
Additions	-
(Reductions)	<u>(175,000)</u>
As of March 31, 2008	<u>\$ 110,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at March 31, 2008 is comprised of the following individual issues:

	Balance April 1, 2007	<u>Additions</u>	<u>Reductions</u>	Balance March 31, 2008	<u>Due Within One Year</u>
Business-type Activities:					
\$300,000 bond due in annual installments of \$10,000 through January 1, 2019; interest at 5.00% - Water Fund.	\$ 120,000	\$ -	\$ 10,000	\$ 110,000	\$ 10,000
\$815,000 bond due in annual installments of \$10,000 to \$40,000 through October 1, 2011 ; interest varies from 5.65% to 6.50% - Sewer Fund	165,000	-	165,000	-	-
Total Business-Type Activities	<u>\$ 285,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 110,000</u>	<u>\$ 10,000</u>

Schedule of Indebtedness - Bonds Payable (Water Fund)

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979, for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/2/1979	\$ 300,000	5.00%	1/1/2009	\$ 10,000	\$ 5,500
		5.00%	1/1/2010	10,000	5,000
		5.00%	1/1/2011	10,000	4,500
		5.00%	1/1/2012	10,000	4,000
		5.00%	1/1/2013	10,000	3,500
		5.00%	1/1/2014	10,000	3,000
		5.00%	1/1/2015	10,000	2,500
		5.00%	1/1/2016	10,000	2,000
		5.00%	1/1/2017	10,000	1,500
		5.00%	1/1/2018	10,000	1,000
		5.00%	1/1/2019	10,000	500
TOTAL				<u>\$ 110,000</u>	<u>\$ 33,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the year, the following transfer was made between funds:

From General Fund

To Major Streets Fund	\$ 5,000
To Local Street Fund	<u>34,100</u>
 Total Transfers Between Funds	 <u>\$ 39,100</u>

Funds were transferred to the Major Street Fund from the General Fund for operating costs incurred during the year.

Funds were transferred to the Local Street Fund from the General Fund for operating costs incurred during the year.

NOTE 6 - PENSION PLAN

The Village participates in a 401(k) plan in which employees can make elective deferrals to the plan regardless of full or part-time status; however, the Village contributes 6% for those employees considered full-time. Under this plan three employees are considered full-time. The Village's pension cost for the fiscal year ending March 31, 2008, is \$4,038. The current year contribution was based on covered payroll of \$68,604.

NOTE 7 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building and mechanical permits	\$ 8,839
 Expenditures	
Building and mechanical inspector	<u>7,378</u>
 Revenues in Excess of Expenditures	 <u>\$ 1,461</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2008

NOTE 8 - RISK MANAGEMENT

The Village carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 9 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, the Village incurred expenditures in certain budgetary functions which were in excess of the amount appropriated as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Over Budget</u>
General fund - Public Works - Drains	\$ 100	\$ 146	\$ (46)
Major Street Fund - General Government	4,500	4,505	(5)
Local Street Fund - General Government	4,020	4,154	(134)

VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 116,650	\$ 116,650	\$ 137,599	\$ 20,949
State revenue	82,600	82,600	80,430	(2,170)
Licenses and permits	8,500	8,500	14,362	5,862
Interest and rents	40,500	40,500	50,751	10,251
Charges for services	7,000	7,000	7,181	181
Contributions and grants	400	400	460	60
Sale of assets	-	-	5,700	5,700
Other revenue	1,100	1,100	693	(407)
	<u>1,100</u>	<u>1,100</u>	<u>693</u>	<u>(407)</u>
Total Revenues	\$ 256,750	\$ 256,750	\$ 297,176	\$ 40,426
Expenditures:				
General government	\$ 142,585	\$ 148,585	\$ 118,286	\$ 30,299
Public safety	18,300	20,000	17,655	2,345
Public works	75,730	75,730	54,514	21,216
Community and economic development	11,030	11,030	8,460	2,570
Recreation and cultural	18,575	31,000	28,331	2,669
	<u>18,575</u>	<u>31,000</u>	<u>28,331</u>	<u>2,669</u>
Total Expenditures	\$ 266,220	\$ 286,345	\$ 227,246	\$ 59,099
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ (9,470)	\$ (29,595)	\$ 69,930	\$ 99,525
Other Financing Sources (Uses):				
Operating transfers out	\$ (49,000)	\$ (47,000)	\$ (39,100)	\$ 7,900
Operating transfers in	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ (49,000)	\$ (47,000)	\$ (39,100)	\$ 7,900
Net Change in Fund Balance	\$ (58,470)	\$ (76,595)	\$ 30,830	\$ 107,425
Fund Balance, Beginning of Year	83,568	83,568	83,568	-
FUND BALANCE, END OF YEAR	\$ 25,098	\$ 6,973	\$ 114,398	\$ 107,425

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
State shared revenue	\$ 46,000	\$ 46,000	\$ 48,890	\$ 2,890
Interest and rents	<u>2,000</u>	<u>2,000</u>	<u>422</u>	<u>(1,578)</u>
Total Revenues	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 49,312</u>	<u>\$ 1,312</u>
Expenditures:				
General Government:				
Professional services	\$ 500	\$ 500	\$ 505	\$ (5)
Retirement	650	650	414	236
Insurance	<u>4,450</u>	<u>3,350</u>	<u>3,586</u>	<u>(236)</u>
Total General Government	<u>\$ 5,600</u>	<u>\$ 4,500</u>	<u>\$ 4,505</u>	<u>\$ (5)</u>
Routine Maintenance:				
Salaries	\$ 8,200	\$ 8,200	\$ 8,106	\$ 94
Payroll taxes	630	630	620	10
Supplies	1,000	1,000	992	8
Equipment rental	20,000	20,000	19,672	328
Contracted services	19,000	1,000	-	1,000
Repairs and maintenance	<u>1,500</u>	<u>1,500</u>	<u>220</u>	<u>1,280</u>
Total Routine Maintenance	<u>\$ 50,330</u>	<u>\$ 32,330</u>	<u>\$ 29,610</u>	<u>\$ 2,720</u>
Winter Maintenance:				
Salaries	\$ 2,500	\$ 4,000	\$ 3,703	\$ 297
Payroll taxes	200	310	283	27
Supplies	2,000	3,200	2,542	658
Contracted services	-	-	21	(21)
Equipment rental	<u>3,500</u>	<u>8,000</u>	<u>7,704</u>	<u>296</u>
Total Winter Maintenance	<u>\$ 8,200</u>	<u>\$ 15,510</u>	<u>\$ 14,253</u>	<u>\$ 1,257</u>

VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - Continued
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Traffic Services:				
Salaries	\$ 500	\$ 500	\$ 74	\$ 426
Payroll taxes	40	40	6	34
Supplies	2,500	2,500	-	2,500
Pavement marking	1,500	1,500	1,578	(78)
Equipment rental	-	-	149	(149)
Electricity	500	500	268	232
Total Traffic Services	\$ 5,040	\$ 5,040	\$ 2,075	\$ 2,965
Total Public Works	\$ 63,570	\$ 52,880	\$ 45,938	\$ 6,942
Total Expenditures	\$ 69,170	\$ 57,380	\$ 50,443	\$ 6,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (21,170)	\$ (9,380)	\$ (1,131)	\$ 8,249
Other Financing Sources (Uses):				
Operating transfers in	\$ 20,000	\$ 10,000	\$ 5,000	\$ (5,000)
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 20,000	\$ 10,000	\$ 5,000	\$ (5,000)
Net Change in Fund Balance	\$ (1,170)	\$ 620	\$ 3,869	\$ 3,249
Fund Balances, Beginning of Year	2,557	2,557	2,557	-
FUND BALANCES, END OF YEAR	\$ 1,387	\$ 3,177	\$ 6,426	\$ 3,249

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Local Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget Positive (Negative)</u>
Revenues:				
State shared revenue	\$ 12,000	\$ 12,000	\$ 14,965	\$ 2,965
Interest and rents	100	100	51	(49)
Total Revenues	\$ 12,100	\$ 12,100	\$ 15,016	\$ 2,916
Expenditures:				
General Government:				
Professional services	\$ 500	\$ 500	\$ 505	\$ (5)
Retirement	570	570	368	202
Insurance	4,050	2,950	3,281	(331)
Total General Government	\$ 5,120	\$ 4,020	\$ 4,154	\$ (134)
Public Works:				
Routine Maintenance:				
Salaries	\$ 6,700	\$ 6,900	\$ 7,043	\$ (143)
Payroll taxes	515	530	539	(9)
Supplies	1,000	1,000	803	197
Equipment rental	16,000	18,500	17,571	929
Repairs and maintenance	1,000	1,000	-	1,000
Total Routine Maintenance	\$ 25,215	\$ 27,930	\$ 25,956	\$ 1,974

VILLAGE OF BARODA
SPECIAL REVENUE FUND
Local Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - Continued
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Expenditures - Continued:				
Winter Maintenance:				
Salaries	\$ 2,500	\$ 4,000	\$ 3,623	\$ 377
Payroll taxes	200	310	277	33
Supplies	2,000	3,200	2,509	691
Contracted services	-	-	21	(21)
Equipment rental	3,000	8,000	7,701	299
	<u>7,700</u>	<u>15,510</u>	<u>14,131</u>	<u>1,379</u>
Total Winter Maintenance	\$	\$	\$	\$
Traffic Services:				
Salaries	\$ 500	\$ 500	\$ -	\$ 500
Payroll taxes	40	40	-	40
Supplies	500	500	52	448
Pavement marking	100	100	-	100
	<u>1,140</u>	<u>1,140</u>	<u>52</u>	<u>1,088</u>
Total Traffic Services	\$	\$	\$	\$
Total Public Works	\$ 34,055	\$ 44,580	\$ 40,139	\$ 4,441
Total Expenditures	\$ 39,175	\$ 48,600	\$ 44,293	\$ 4,307
Deficiency of Revenues Under Expenditures	\$ (27,075)	\$ (36,500)	\$ (29,277)	\$ 7,223
Other Financial Sources (Uses):				
Operating transfer in	\$ 29,000	\$ 37,000	\$ 34,100	\$ (2,900)
Total Other Financing Sources (Uses)	\$ 29,000	\$ 37,000	\$ 34,100	\$ (2,900)
Net Change in Fund Balances	\$ 1,925	\$ 500	\$ 4,823	\$ 4,323
Fund Balances, Beginning of Year	1,019	1,019	1,019	-
FUND BALANCES, END OF YEAR	\$ 2,944	\$ 1,519	\$ 5,842	\$ 4,323

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended March 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property tax collections	\$ 115,300	\$ 136,366	\$ 21,066
Trailer fees	850	847	(3)
Interest and penalties on taxes	<u>500</u>	<u>386</u>	<u>(114)</u>
Total Taxes	<u>\$ 116,650</u>	<u>\$ 137,599</u>	<u>\$ 20,949</u>
Licenses and permits	<u>\$ 8,500</u>	<u>\$ 14,362</u>	<u>\$ 5,862</u>
State Revenues:			
State revenue sharing	<u>\$ 82,600</u>	<u>\$ 80,430</u>	<u>\$ (2,170)</u>
Charges for Services:			
Graves	\$ 1,000	\$ 1,181	\$ 181
Administration cost recovery	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Charges for Services	<u>\$ 7,000</u>	<u>\$ 7,181</u>	<u>\$ 181</u>
Interest and rents	<u>\$ 40,500</u>	<u>\$ 50,751</u>	<u>\$ 10,251</u>
Contributions:			
Contributions and grants	<u>\$ 400</u>	<u>\$ 460</u>	<u>\$ 60</u>
Sale of fixed assets	<u>\$ -</u>	<u>\$ 5,700</u>	<u>\$ 5,700</u>
Other	<u>\$ 1,100</u>	<u>\$ 693</u>	<u>\$ (407)</u>
TOTAL REVENUES	<u>\$ 256,750</u>	<u>\$ 297,176</u>	<u>\$ 40,426</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government:			
Trustees:			
Salaries	\$ 8,760	\$ 7,950	\$ 810
Payroll taxes	670	608	62
Insurance	400	393	7
Travel	200	20	180
Education	600	185	415
Total Trustees	<u>\$ 10,630</u>	<u>\$ 9,156</u>	<u>\$ 1,474</u>
President:			
Salaries	\$ 7,600	\$ 7,020	\$ 580
Payroll taxes	600	537	63
Insurance	75	70	5
Travel	450	40	410
Education	250	-	250
Dues	100	-	100
Total President	<u>\$ 9,075</u>	<u>\$ 7,667</u>	<u>\$ 1,408</u>
Clerk:			
Salaries	\$ 24,490	\$ 22,051	\$ 2,439
Payroll taxes	1,850	1,651	199
Insurance	6,375	6,188	187
Retirement	1,500	1,295	205
Education	300	290	10
Travel	950	818	132
Dues	75	75	-
Miscellaneous	750	765	(15)
Total Clerk	<u>\$ 36,290</u>	<u>\$ 33,133</u>	<u>\$ 3,157</u>
Treasurer:			
Salaries	\$ 10,520	\$ 9,419	\$ 1,101
Payroll taxes	810	720	90
Insurance	75	70	5
Travel	700	539	161
Education	550	115	435
Miscellaneous	520	485	35
Total Treasurer	<u>\$ 13,175</u>	<u>\$ 11,348</u>	<u>\$ 1,827</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government, continued:			
Administrative and Office:			
Professional services	\$ 19,700	\$ 19,808	\$ (108)
Telephone	2,600	2,086	514
Internet services and website	600	313	287
Publishing	5,000	2,498	2,502
Insurance	15,250	10,681	4,569
Pension	800	830	(30)
Supplies	2,500	1,129	1,371
Engineering	6,000	2,747	3,253
Repairs	3,000	995	2,005
Miscellaneous	<u>6,700</u>	<u>4,026</u>	<u>2,674</u>
Total Administrative and Office	<u>\$ 62,150</u>	<u>\$ 45,113</u>	<u>\$ 17,037</u>
Buildings and Grounds:			
Salaries	\$ 2,800	\$ 2,981	\$ (181)
Payroll taxes	215	228	(13)
Supplies	1,500	1,621	(121)
Utilities	7,100	4,613	2,487
Repairs and maintenance	3,900	2,087	1,813
Equipment purchased	1,000	29	971
Equipment rental	<u>750</u>	<u>310</u>	<u>440</u>
Total Buildings and Grounds	<u>\$ 17,265</u>	<u>\$ 11,869</u>	<u>\$ 5,396</u>
Total General Government	<u>\$ 148,585</u>	<u>\$ 118,286</u>	<u>\$ 30,299</u>
Public Safety:			
Police	\$ 9,700	\$ 9,617	\$ 83
Inspectors	8,300	7,378	922
Contracted services	<u>2,000</u>	<u>660</u>	<u>1,340</u>
Total Public Safety	<u>\$ 20,000</u>	<u>\$ 17,655</u>	<u>\$ 2,345</u>

VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works:			
Drains	\$ 100	\$ 146	\$ (46)
Fire hydrant rental	\$ 12,600	\$ 12,600	\$ -
Department of Public Works:			
Salaries	\$ 11,000	\$ 6,768	\$ 4,232
Payroll taxes	850	518	332
Insurance	6,700	4,941	1,759
Retirement	1,320	475	845
Supplies	3,000	2,026	974
Equipment	1,000	394	606
Gas and oil	8,000	7,666	334
Repairs	3,500	3,461	39
Equipment rental	750	192	558
Uniform rental	1,000	1,095	(95)
Total Department of Public Works	\$ 37,120	\$ 27,536	\$ 9,584
Highways and Streets:			
Salaries	\$ 2,000	\$ 162	\$ 1,838
Payroll taxes	160	12	148
Operating supplies	2,500	29	2,471
Street lights	15,000	13,437	1,563
Contracted services	2,000	550	1,450
Equipment rental	750	24	726
Equipment repairs	500	-	500
Miscellaneous	3,000	18	2,982
Total Highways and Streets	\$ 25,910	\$ 14,232	\$ 11,678
Total Public Works	\$ 75,730	\$ 54,514	\$ 21,216
Community and Economic Development:			
Planning Commission:			
Salaries	\$ 1,970	\$ 1,640	\$ 330
Payroll taxes	160	125	35
Outside services	-	2,327	(2,327)
Education	500	-	500
Ordinance book	7,300	4,200	3,100
Miscellaneous	1,100	168	932
Total Community and Economic Development	\$ 11,030	\$ 8,460	\$ 2,570

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Cultural:			
Parks and Recreation:			
Salaries	\$ 6,200	\$ 7,457	\$ (1,257)
Payroll taxes	475	570	(95)
Insurance	200	148	52
Operating supplies	100	-	100
Outside services	600	-	600
Park repairs	3,500	7,076	(3,576)
Equipment rental	4,500	5,300	(800)
Utilities	400	365	35
Capital outlay	2,000	2,256	(256)
Miscellaneous	<u>13,025</u>	<u>5,159</u>	<u>7,866</u>
Total Recreation and Cultural	<u>\$ 31,000</u>	<u>\$ 28,331</u>	<u>\$ 2,669</u>
TOTAL EXPENDITURES	<u>\$ 286,345</u>	<u>\$ 227,246</u>	<u>\$ 59,099</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 2, 2008

Communication with Those Charged with Governance

To the Village Council
Village of Baroda

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Baroda for the year ended March 31, 2008, and have issued our report thereon dated May 2, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. General Accepted Auditing Standards

As stated in our engagement letter dated February 20, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Baroda are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties with management in performing and completing our audit.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatement identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are please to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 2, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements. Our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Baroda Village Council and management of the Village of Baroda and is not intend to be and should not be used by anyone other than these specified parties.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 2, 2008

Communication of Significant Deficiencies

To the Village Council
Village of Baroda
Baroda, Michigan

In planning and performing our audit of the financial statements of the Village of Baroda as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Baroda's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Baroda's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Baroda's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. It was noted during the audit that there were items over the \$500 capitalization threshold in the Water and Sewer Fund over this amount posted to repairs and maintenance accounts. All fixed assets should be recorded in their proper asset accounts on the balance sheet.
2. In addition, we noted other matters involving the internal control and its operation that we have reported to management of the Village of Baroda in a separate letter dated May 2, 2008.

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

This communication is intended solely for the information and use of management, the Village Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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May 2, 2008

Village Council
Village of Baroda
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2008, we offer the following comments and recommendations:

GENERAL

1. The books and records were found to be well organized.
2. Supporting documentation was detailed and readily available for inspection.
3. The Village's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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